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RUSTON CITY JUDGE'S OFFICE

FINANCIAL REPORT SEPTEMBER 30, 2000

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Release Date 2-21-01

RUSTON CITY JUDGE'S OFFICE

FINANCIAL REPORT SEPTEMBER 30, 2000

CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	1
GENERAL PURPOSE FINANCIAL STATEMENTS	
Combined Balance Sheet--All Fund Types and Account Group	3
Statements of Revenues, Expenditures and Changes in Fund Balances--Governmental Fund Type	4
Statement of Revenues, Expenditures, and Changes in Fund Balances--Budget (GAAP Basis) and Actual-- Governmental Fund Type	5
Notes to Financial Statements	6 - 10
OTHER REPORTS AND SCHEDULES	
Independent Auditor's Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	12 - 13
Schedule of Findings and Questioned Costs	14
Management's Corrective Action Plan	15
Schedule of Prior Year Findings	16

DON M. McGEHEE
(A Professional Accounting Corporation)
P.O. Box 1344
806 North Trenton
Ruston, Louisiana 71273-1344

INDEPENDENT AUDITOR'S REPORT

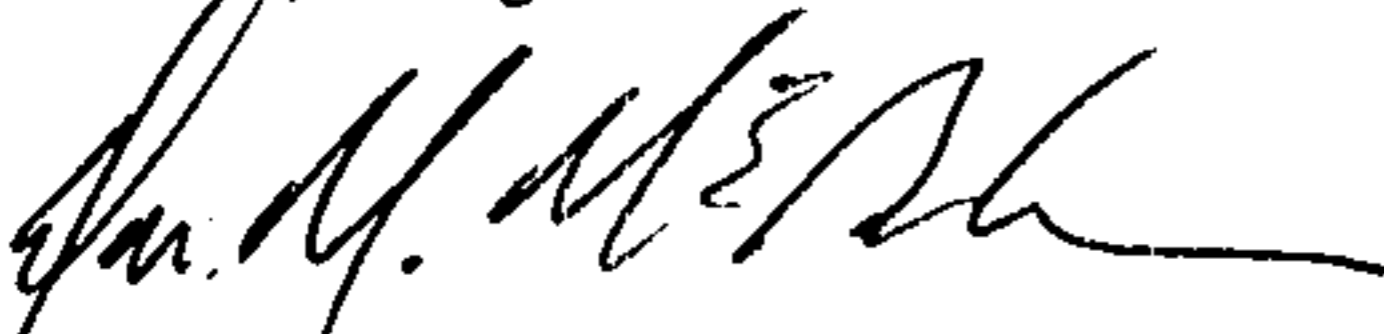
Honorable Danny Tatum
Ruston City Judge's Office
P.O. Box 1821
Ruston, LA 71273-1821

I have audited the accompanying general purpose financial statements of the Ruston City Judge's Office, a component unit of the City of Ruston, as of and for the year ended September 30, 2000, as listed in the table of contents. These general purpose financial statements are the responsibility of the Ruston City Judge's Office's management. My responsibility is to express an opinion on these general purpose financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Ruston City Judge's Office as of September 30, 2000, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, I have also issued a report dated September 30, 2000, on my consideration of the Ruston City Judge's Office's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, and grants.



Don M. McGehee
Certified Public Accountant
November 2, 2000

**GENERAL PURPOSE FINANCIAL STATEMENTS
(COMBINED STATEMENTS--OVERVIEW)**

RUSTON CITY JUDGE'S OFFICE

COMBINED BALANCE SHEET--ALL FUND TYPES AND ACCOUNT GROUP SEPTEMBER 30, 2000

	Governmental <u>Fund Type</u>	Fiduciary <u>Fund Type</u>	Account <u>Group</u>	Totals
	<u>General</u>	<u>Agency</u>	<u>General</u> <u>Fixed Assets</u>	<u>(Memoran-</u> <u>dum Only)</u>
ASSETS				
Cash	\$ 67,972	\$ 40,701	\$ 0	\$ 108,673
Due From -				
Other Funds	816	0	0	816
Governmental Units	6,459	0	0	6,459
Others	0	150	0	150
Prepaid Insurance	2,391	0	0	2,391
Furniture and Equipment	<u>0</u>	<u>0</u>	<u>125,415</u>	<u>125,415</u>
TOTAL ASSETS	\$ <u>77,638</u>	\$ <u>40,851</u>	\$ <u>125,415</u>	\$ <u>243,904</u>
LIABILITIES AND EQUITY				
LIABILITIES:				
Accounts Payable	\$ 1,777	\$ 0	\$ 0	\$ 1,777
Accrued Liabilities	721	0	0	721
Accrued Fees Earned	0	13,793	0	13,793
Civil Deposits	0	26,242	0	26,242
Due To -				
Other Funds	<u>0</u>	<u>816</u>	<u>0</u>	<u>816</u>
TOTAL LIABILITIES	<u>2,498</u>	<u>40,851</u>	<u>0</u>	<u>43,349</u>
FUND EQUITY:				
Investment in General				
Fixed Assets	0	0	125,415	125,415
Fund Balance--Unreserved				
and Undesignated	<u>75,140</u>	<u>0</u>	<u>0</u>	<u>75,140</u>
TOTAL FUND EQUITY	<u>75,140</u>	<u>0</u>	<u>125,415</u>	<u>200,555</u>
TOTAL LIABILITIES AND				
FUND EQUITY	\$ <u>77,638</u>	\$ <u>40,851</u>	\$ <u>125,415</u>	\$ <u>243,904</u>

See accompanying notes to financial statements.

RUSTON CITY JUDGE'S OFFICE

STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE--GOVERNMENTAL FUND TYPE FOR THE YEAR ENDED SEPTEMBER 30, 2000 WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED SEPTEMBER 30, 1999

	<u>2000</u>	<u>1999</u>
REVENUES		
Fines and Court Costs	\$ 120,508	\$ 102,734
On-Behalf Revenue	157,254	143,392
Interest Income	<u>1,540</u>	<u>1,112</u>
TOTAL REVENUES	<u>279,302</u>	<u>247,238</u>
EXPENDITURES		
Capital Outlay--Equipment	5,029	1,155
Accounting Fees	13,050	15,910
Auto Expense	0	1,480
Continuing Education	1,320	1,275
Contract Services	3,477	766
Dues and Subscriptions	355	274
Insurance	2,283	1,192
Judge Ad Hoc	825	2,100
Library Expense	3,233	3,119
Office Expense	22,499	17,095
On-Behalf Expenses	157,254	143,392
Repairs and Maintenance	1,925	3,501
Retirement Contributions	5,187	2,560
Taxes	1,036	3,916
Telephone	0	409
Travel	2,128	2,628
Wages	<u>12,748</u>	<u>31,129</u>
TOTAL EXPENDITURES	<u>232,349</u>	<u>231,901</u>
EXCESS OF REVENUES OVER EXPENDITURES	46,953	15,337
FUND BALANCE--BEGINNING	<u>28,187</u>	<u>12,850</u>
FUND BALANCE--ENDING	\$ <u>75,140</u>	\$ <u>28,187</u>

See accompanying notes to financial statements.

RUSTON CITY JUDGE'S OFFICE

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-- BUDGET (GAAP BASIS) AND ACTUAL--GOVERNMENTAL FUND TYPE GENERAL FUND FOR THE YEAR ENDED SEPTEMBER 30, 2000

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Fines and Court Costs	\$ 120,500	\$ 120,508	\$ 8
On-Behalf Revenue	128,000	157,254	29,254
Expense Recovery	90	0	(90)
Interest Income	800	1,540	740
TOTAL REVENUES	<u>249,390</u>	<u>279,302</u>	<u>29,912</u>
EXPENDITURES			
Capital Outlay--Equipment	4,800	5,029	(229)
Accounting Fees	13,000	13,050	(50)
Continuing Education	1,200	1,320	(120)
Contract Services	3,600	3,477	123
Dues and Subscriptions	500	355	145
Insurance	2,400	2,283	117
Judge Ad Hoc	1,000	825	175
Library Expense	3,200	3,233	(33)
Office Expense	23,030	22,499	531
On-Behalf Expenses	128,000	157,254	(29,254)
Repairs and Maintenance	0	1,925	(1,925)
Retirement Contributions	6,500	5,187	1,313
Taxes	650	1,036	(386)
Travel	2,200	2,128	72
Wages	16,000	12,748	3,252
TOTAL EXPENDITURES	<u>206,080</u>	<u>232,349</u>	<u>(26,269)</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>\$ 43,310</u>	46,953	<u>\$ 3,643</u>
FUND BALANCE--BEGINNING		<u>28,187</u>	
FUND BALANCE--ENDING		<u>\$ 75,140</u>	

See accompanying notes to financial statements.

RUSTON CITY JUDGE'S OFFICE

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2000

The Ruston City Judge's Office was created on July 8, 1926, under the provisions of Act 157 of the Louisiana Legislature Summer Session.

In April of 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board (GASB) to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governmental entities. In November of 1984, the GASB issued a codification of governmental accounting and financial reporting standards. This codification is recognized as generally accepted accounting principles for state and local government. The accounting and reporting policies of the Ruston City Judge's Office conform to these generally accepted accounting principles and the requirements of Louisiana Revised Statutes 24:513 and to the guides set forth in the Louisiana Governmental Audit Guide and to the industry audit guide, Audits of State and Local Government Units, published by the American Institute of Certified Public Accountants. The following is a summary of the more significant policies:

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

For financial reporting purposes, in conformity with GASB Statement No. 14, the Ruston City Judge's Office is a component unit of the City of Ruston. For the purposes of this financial report this component unit serves as the nucleus for its own financial reporting entity and issues separate financial statements.

B. Fund Accounting

The accounts of the Ruston City Judge's Office are organized on the basis of funds and account groups, each of which is considered a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity, revenues, and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements presented in this report, into two generic fund types and two broad fund categories as follows:

Governmental Funds--

General Fund. The General Fund is the general operating fund of the Ruston City Judge's Office. It is used to account for all financial resources except those required to be accounted for in another fund.

Fiduciary Funds--

Agency Fund. The Agency Fund is used to account for assets held by the Ruston City Judge's Office as an agent for individuals and private organizations. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. At any given point in time, total Agency Fund assets are equally offset by related liabilities including amounts due to the parties for whom the assets are being held by the Ruston City Judge's Office. Agency Funds have no fund equity. Agency Funds do not have GAAP operations or GAAP operating statements.

General Fixed Assets Account Group--

The General Fixed Assets Account Group is used to account for fixed assets used in governmental fund type operations for control purposes. All fixed assets are valued at historical cost. No depreciation is recorded on general fixed assets. General fixed assets are recorded as expenditures in the governmental fund type when purchased.

RUSTON CITY JUDGE'S OFFICE

NOTES TO FINANCIAL STATEMENTS (CONTINUED) SEPTEMBER 30, 2000

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The General Fund uses the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. A sixty day availability period is used for revenue recognition for all revenues. Expenditures are recorded when the related fund liability is incurred.

D. Budgetary Practices

The Ruston City Judge's Office prepared an operating budget on its General Fund for the year ended September 30, 2000, as required by generally accepted accounting principles as applicable to governmental units and as required by Louisiana law. The operating budget is monitored by management and amended throughout the year as necessary. Prior to the year end, the Judge adopted an amended budget approving revisions to revenues and expenditures. The amended budget for the General Fund is presented in the Statement of Revenue, Expenditures, and Changes in Fund Balance--Budget and Actual. No budgets are necessary on Agency Funds of the Ruston City Judge's Office as these funds are of a custodial nature.

Appropriations lapse at year-end and must be reappropriated for the following year to be expended.

E. Short-Term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided for services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet.

F. Vacation and Sick Leave

Vacation and sick leave are noncumulative. There are no accumulated and vested benefits relating to vacation and sick leave that require accrual or disclosure at year end.

G. Total Columns on the Combined Statement

The total columns on the combined statement is captioned Memorandum Only to indicate that they are presented only to facilitate financial analysis. Data in these columns does not present financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

RUSTON CITY JUDGE'S OFFICE

NOTES TO FINANCIAL STATEMENTS (CONTINUED) SEPTEMBER 30, 2000

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Comparative Data

Comparative data for the prior year has been presented in certain of the accompanying financial statements in order to provide an understanding of changes in the financial position and operations.

I. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 - CASH AND INVESTMENTS

Cash and investments consists of interest bearing demand deposits. Under state law, the City Judge may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Deposits are carried at cost which approximates market value. At September 30, 2000, the carrying amount of deposits was \$108,673 and the bank balance was \$121,918. The bank balance was covered by federal depository insurance.

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at September 30, 2000, consisted of the following individual fund receivables and payables:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund - Due From Civil Fund	\$ 816	\$ 0
Agency Fund - Due To General Fund	<u>0</u>	<u>(816)</u>
Totals	<u>\$ 816</u>	<u>\$ (816)</u>

NOTE 4 - DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units at September 30, 2000, consisted of the following:

Fines and Court Costs Due from the Ruston Ward Marshal	<u>\$ 6,459</u>
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RUSTON CITY JUDGE'S OFFICE

NOTES TO FINANCIAL STATEMENTS (CONTINUED) SEPTEMBER 30, 2000

NOTE 5 - CHANGES IN GENERAL FIXED ASSETS

A summary of changes in general fixed assets during 2000 is as follows:

	Balance 10/01/99	Additions	Deletions	Balance 09/30/00
Furniture and Equipment	\$ 120,386	\$ 5,029	\$ 0	\$ 125,415
Totals	\$ 120,386	\$ 5,029	\$ 0	\$ 125,415

NOTE 6 - PENSION PLAN

The Ruston City Judge's Office provides retirement benefits to some court employees through contributions to the Louisiana State Employment Retirement System, a cost sharing multiple-employer defined benefit pension plan administered and controlled by a Board of Trustees. The retirement system provides retirement, disability, and death benefits to plan members and beneficiaries. The Louisiana Legislature establishes and amends benefit provisions. The retirement system issues a publicly available financial report. That report may be obtained by writing to Louisiana State Employees' Retirement System, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70809, or by calling 1-800-256-3000.

Plan members are required to contribute 11.5% of their annual covered salary, and the Ruston City Judge's Office is required to contribute at an actuarially determined rate of annual covered salary. The rate was 12.4% for this year until July 1, 2000 when it increased to 13%. The contribution requirements of employers are established annually by the Board of Trustees based upon actuarially determined rates. The Ruston City Judge's Office made contributions for the year ending September 30, 2000 of \$5,187 equal to the required contribution for that year.

NOTE 7 - ON-BEHALF PAYMENTS

Employees of the Ruston City Judge's Office received salaries and fringe benefits from the City of Ruston and the State of Louisiana. The following is a summary of these on-behalf payments:

Salaries	\$ 137,869
Fringe Benefits	19,385
Totals	\$ 157,254

Fringe benefits paid by the City of Ruston and the State of Louisiana include pension plan contributions to the Louisiana State Employees' Retirement System. The City of Ruston also makes pension plan contributions to the Municipal Employees' Retirement System of Louisiana.

RUSTON CITY JUDGE'S OFFICE

NOTES TO FINANCIAL STATEMENTS (CONTINUED) SEPTEMBER 30, 2000

NOTE 8 - FIDUCIARY FUND

The Ruston City Judge's Office collects deposits from and makes remittances on behalf of citizens who have brought a civil suit to the court. A summary of changes in assets and liabilities are as follows for the year ended September 30, 2000:

	<u>Balance</u> <u>10/01/99</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>09/30/00</u>
ASSETS				
Cash in Banks	\$ 27,995	\$ 215,650	\$ 202,944	\$ 40,701
Due from General Fund	70	408	478	0
Due from Others	<u>0</u>	<u>150</u>	<u>0</u>	<u>150</u>
TOTAL ASSETS	<u>\$ 28,065</u>	<u>\$ 216,208</u>	<u>\$ 203,422</u>	<u>\$ 40,851</u>
LIABILITIES				
Accrued Fees Earned	\$ 2,530	\$ 52,843	\$ 41,580	\$ 13,793
Civil Deposits	25,535	161,220	160,513	26,242
Due to General Fund	<u>0</u>	<u>1,009</u>	<u>193</u>	<u>816</u>
TOTAL LIABILITIES	<u>\$ 28,065</u>	<u>\$ 215,072</u>	<u>\$ 202,286</u>	<u>\$ 40,851</u>

OTHER REPORTS AND SCHEDULES

DON M. McGEHEE
(A Professional Accounting Corporation)
P.O. Box 1344
806 North Trenton
Ruston, Louisiana 71273-1344

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON
INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable Danny Tatum
Ruston City Judge's Office
P.O. Box 1821
Ruston, LA 71273-1821

I have audited the general purpose financial statements of the Ruston City Judge's Office, a component unit of the City of Ruston, as of and for the year ended September 30, 2000, and have issued my report thereon dated November 2, 2000. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Ruston City Judge's Office's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, of which noncompliance with could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

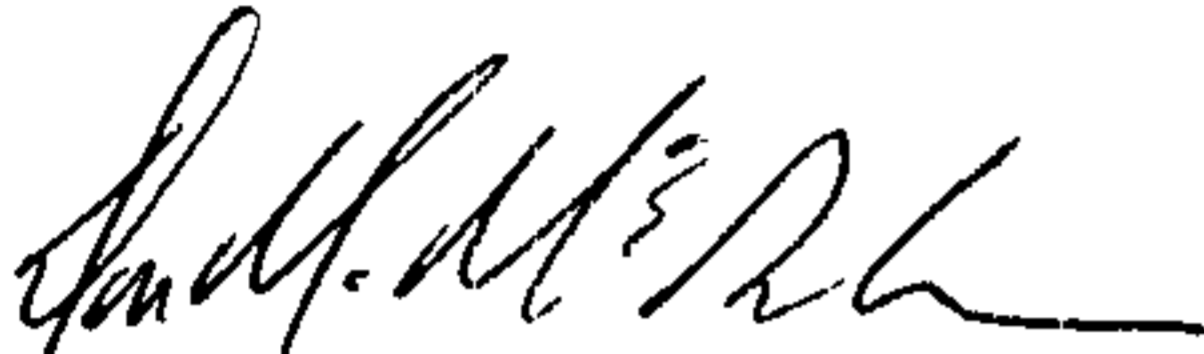
Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Ruston City Judge's Office's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. However, I noted certain matters involving the internal control over financial reporting and its operation that I consider to be a reportable condition. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in my judgement, could adversely affect the Ruston City Judge's Office's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements. This reportable condition is described in the accompanying schedule of findings and questioned costs as item #2000-1.

PAGE TWO

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, I consider the reportable condition described above to be a material weakness.

This report is intended solely for the information of the Ruston City Judge's Office, the City of Ruston, and the Legislative Auditor of Louisiana. However, this report is a matter of public record, and its distribution is not limited.

A handwritten signature in black ink, appearing to read "Don M. McGehee", with a stylized flourish at the end.

Don M. McGehee
Certified Public Accountant

November 2, 2000

RUSTON CITY JUDGE'S OFFICE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED SEPTEMBER 30, 2000

I have audited the financial statements of the Ruston City Judge's Office as of and for the year ended September 30, 2000, and have issued my report thereon dated November 2, 2000. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. My audit of the financial statements as of September 30, 2000 resulted in an unqualified opinion.

Section I Summary of Auditor's Reports

Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses ☒ Yes ☐ No Reportable Conditions ☒ Yes ☐ No

Compliance

Compliance Material to Financial Statements ☐ Yes ☒ No

Section II Financial Statement Findings

2000-1. The Ruston City Judge's Office has too few personnel involved in the accounting system to have adequate separation of duties for internal control.

RUSTON CITY JUDGE'S OFFICE

MANAGEMENT'S CORRECTIVE ACTION PLAN FOR THE YEAR ENDED SEPTEMBER 30, 2000

SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENT

FINDINGS

2000-1. Separation of Duties. Too few personnel involved in the accounting system to have adequate separation of duties for internal control.

RESPONSE

It would not be cost-effective to hire additional personnel to provide adequate separation of duties for internal control for this size workload.

SECTION II MANAGEMENT LETTER

No findings have been reported under this section.

RUSTON CITY JUDGE'S OFFICE

SCHEDULE OF PRIOR YEAR FINDINGS FOR THE YEAR ENDED SEPTEMBER 30, 2000

SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENT

<u>FINDINGS</u>	<u>STATUS</u>
1999-1. Separation of Duties. Too few personnel involved in the accounting system to have adequate separation of duties for internal control.	Unresolved. See 2000-1.

SECTION II MANAGEMENT LETTER

No findings were reported under this section.